

September 17, 1992

**STATEMENT OF
COMMISSIONER SHERRIE P. MARSHALL**

**Re: Advanced Television Systems and Their Impact Upon
the Existing Television Broadcast Service
(MM Docket 87-268)**

No one can accuse this Commission of leaving broadcasters stranded at the starting line in the race to high definition, and of that I am proud. I just hope that we have not stacked the race against broadcasters by turning them into the ATV rabbit, forced to set a pace many cannot sustain.

I do not deny the "chicken and egg" dilemma posed by a new technology requiring new equipment to distribute new programming to new receivers. Success, however desirable, can be thwarted if each player -- manufacturers, programmers, distributors, and consumers -- waits for the others to go first. This is especially true if one of those players perceives the new technology as a substantial investment promising only the means to hold, not gain, market share.

I thus well recognize the need to set a stopwatch on broadcasters' use of another channel for their upgrade to ATV. Indeed, if our timetable spurs all video players into taking a coordinated plunge into ATV, or even if it is overtaken by the pace of an ATV rollout by cable, video cassette providers and other broadcast rivals, then our not-so-subtle nudge to broadcasters will have served both them and the public well.

I am becoming increasingly convinced, however, that the real key to broadcasters' continued competitiveness lies not so much in ATV as a crisp picture, but in its potential for spectrum-efficient multiplexing. In my view, broadcasters must become multichannel providers to continue to flourish in the long run.

The reality checks we have now slated for each critical juncture in our ATV timeline give me some comfort on this concern. I trust that the Commission will take a good hard look at whether the marketplace has ratified each deadline as it draws near. While we adopt this ambitious schedule with confidence levels as high as our expectations, we must not be slave to bureaucratic momentum should we be surprised by the pace of equipment roll-outs, converter breakthroughs, consumer acceptance, or other critical developments.

Indeed, some have suggested that our ultimate conversion deadline should not mandate the end of NTSC broadcasting, but instead require only that broadcasters return their second channel and operate their remaining channel in whichever mode -- NTSC or ATV -- they elect. While that approach could permit a broadcaster to tie up a second channel for 15 years to no productive end, I am sympathetic to its intent. Fortunately, developments with ATV downconverters offer some prospect (if still a costly one) for avoiding the mandated obsolescence of every television set that today burns bright in every home throughout America. Still, I wonder if we could not somehow declare our interest and faith in the emerging, if still unproven, high definition technology without dictating the investment decisions of all broadcasters -- including noncommercial stations and the numerous commercial stations of marginal profitability.

Again I note that, as dramatic as the picture quality improvements of high definition appear to be, the greatest promise that advanced television offers broadcasters may not be qualitative but rather quantitative: the ability, through digital compression, to transform their six megahertz channel of today into a multichannel service. That transformation, of course, will turn not just on technological developments, but the decisions of the marketplace and policymakers as well.

My hope is that, in our commitment not to forestall the bright future of high definition television, we remain attuned to the realities of the marketplace and broadcasters' own judgments as to how best enhance their competitiveness and their service to the American viewer.

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September 17, 1992

**STATEMENT OF
COMMISSIONER ERVIN S. DUGGAN**

**In the Matter of Advanced Television Systems and Their Impact
Upon the Existing Television Broadcast Service (MM Docket No. 87-
268)**

Last April, the Commission set the hourglass running on broadcast television as we know it. At that time, I noted that the Commission was preparing to embark on a fateful journey: decreeing, in effect, the death of the nation's current, pervasive system of NTSC broadcasting and ushering in a new era of high-definition technology. Today, with the administrative process moving at a remarkable pace, the Commission takes another major step on that journey: We establish a clear framework and brisk timetable for converting the United States to broadcast HDTV within the next 15 years.

When the Commission acted in April, I urged rank-and-file broadcasters to express their views and to get fully involved in our decision-making process. Broadcasters themselves, after all, petitioned the FCC in 1987 to begin the transition to over-the-air HDTV. Five years later, to the surprise of some, HDTV has evolved from an opportunity for pioneering into a plan carrying heavy obligations. The Commission might have expected, therefore, to hear some dissenting and pessimistic sounds from the industry.

The vast majority of broadcasters who have responded during last several months have endeavored to sound an optimistic note. Most expressed hope: hope that they will be equal to the HDTV challenge; hope that consumers will respond favorably; and hope that this new technology--- if the Commission acts wisely--- will carry more benefits than burdens.

What also comes through in the industry's comments, however, is trepidation--- and understandably so. After all, the Commission is mandating the development of this new technology in only one sector of the video marketplace: broadcast television. Other segments of the industry--- program producers, film studios, cable programmers, DBS providers--- can elect to watch from the box seats as broadcasters enter the Colosseum. While shouldering only a fraction of the risk, they will have the luxury of awaiting the answers to the fundamental questions that broadcasters, and the Commission, must grapple with today: Will consumers rally around high-definition? Will compellingly crisp pictures and sound make HDTV indispensable to America's 90 million television households? Will the yet-untested production

capabilities of this bold new medium live up to today's enthusiastic predictions?

The voluminous record in this docket, including the important work of the Commission's Advisory Committee on Advanced Television Systems, provides some assurances about the answers. We are told, for example, that consumers--- not merely in the United States but, indeed, around the world--- will become so enamored of HDTV that NTSC will flicker and die a natural death. We are warned of the distinct possibility that broadcasters may not be at the forefront of this process--- that consumers may instead be attracted by vast quantities of high-definition programming supplied by integrated entertainment companies like Sony/Columbia and Matsushita/MCA--- conglomerates with incentives to seize and dominate both the hardware and the software sides of this new business. We are told, furthermore, that rapid progress in digital technologies means that HDTV will be just one morsel on a vast and sophisticated communications menu.

We are told, in essence, that the 21st Century motto of consumers will mimic the slogan of cable's most successful music video channel: "I want my HDTV."

It is with such highly optimistic predictions before us, then, that we have made a series of difficult judgments about how HDTV can become a reality in this country. Our principles, as I said in April, are clear: We must ensure the ultimate return of the 6 MHz "conversion channel" for HDTV to the public domain--- which means that we must be true to a firm termination schedule for the end of old-style television. Our task is formidable: The Commission must strike a balance between moving the conversion process briskly toward the conversion date, on the one hand, and giving broadcasters the flexibility they need in the interim to respond to uncertain consumer demand, to evolving program availability and to changing equipment costs. The stakes are high. These decisions promise to alter forever are changing the face of an industry that enters virtually every home in America. Small wonder that much of the world is watching our grand experiment.

Because the Commission wants HDTV to succeed, our action today demonstrates greater balance and flexibility than some might have expected:

- * We grant eligible licensees an additional year, for example, to apply for an HDTV construction permit, and we add considerable flexibility to the construction deadlines.

- * We suspend the dual network rule, and we set no deadline for the ultimate conversion of local production facilities to high-definition equipment--- meaning that stations can operate as "pass-through" facilities for an indefinite period.

* In addition, we take significant steps to accommodate the unique needs and financial problems of noncommercial stations.

We also adopt a phased-in simulcasting requirement, with the target for 100 percent simulcasting set now for the ninth year after the HDTV process begins. In April, I underscored the need to require that simulcasting begin at the earliest possible date. Any other approach, in my view, would clash with our ultimate commitment to reclaim the reversion channel. I would prefer, therefore, that the Commission today set an earlier date for 100 percent simulcasting of HDTV programming on the NTSC channel. Specifically, I would have preferred a deadline as early as the sixth year of the process, when, presumably, many stations will just be signing on the air with HDTV capability. Under such a policy, stations would feel a greater incentive to apply and construct earlier, and the Commission's ability to reclaim the reversion channel would be strengthened. For those reasons, I am uneasy about the approach we take today--- 50 percent simulcasting by year seven, 100 percent by year nine. The policy the Commission adopts today is scheduled for review in 1999, however, and I trust that future Commissions will not hesitate to adjust it if that appears to be warranted.

I find much that is appealing in today's action, however: the possibility, for example, that broadcasters might explore the outer limits of advanced television by developing yet-unimagined services on their HDTV channels. We are specifically asking broadcasters to comment on ancillary uses for their HDTV spectrum once their stations are on the air with a high-definition signal. Through compression and other advanced technologies, broadcasters might find a number of creative, profitable uses for their conversion channels. I hope that industry will provide us with its best thinking about these possibilities, and that the Commission will consider a flexible-use approach to HDTV spectrum in the future.

Finally, a cautionary note. In my view, the HDTV planning process will not be complete until we confront soberly a prospect that is now almost unthinkable: the possibility that, for whatever reason, this new form of television may not succeed in the marketplace. The Commission today begins to face that possibility by providing several checkpoints along the path to conversion. At each of those points, future Commissions will be better able to ensure that today's judgments, if they are shown to be misguided, can be reversed. But how, specifically, might those future Commissions make their way back if NTSC proves to be more resilient than we now assume? I do not believe that we doom HDTV's ultimate success simply by asking that question. Wise generals plan not only for triumph, but for possible retreats. I believe our public interest obligations require that we begin

to think realistically about what happens if the campaign should bog down in the marketplace.

Some suggest that we should allow broadcasters to hold both their HDTV and NTSC channels for 15 years and, at the end of the day, elect which one to surrender. I reject this approach. It encourages the warehousing of spectrum and may deter broadcasters from throwing themselves fully into the conversion process. However, I do believe that we need to come to grips with the fact that markets are unpredictable: that consumers may derail even the best efforts of the industry and the Commission to make HDTV the nation's next--- and only--- television technology.

I believe, in short, that we must pose the "what if" question in a straightforward way as we approach the actual HDTV launch date, and that we must begin to make contingency plans that preserve the FCC's options without hobbling the conversion process.

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